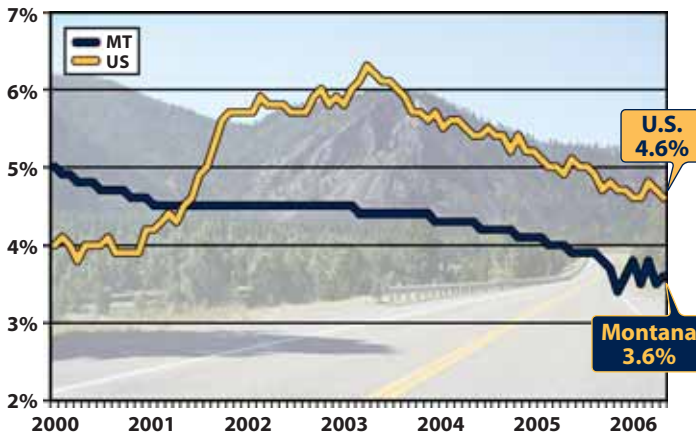


Montana Economy at a Glance



UNEMPLOYMENT RATE

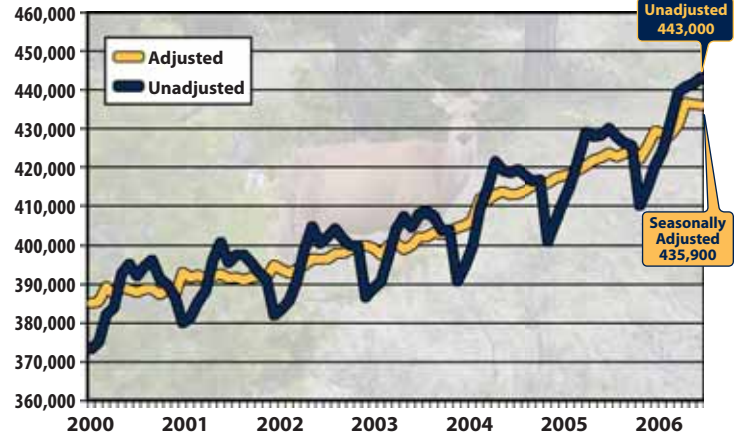
Seasonally Adjusted



Montana's seasonally adjusted unemployment rate increased slightly reaching 3.6% in September 2006 from 3.5% in August. The U.S. rate experienced a small decrease, moving to 4.6% from 4.7% over the month.

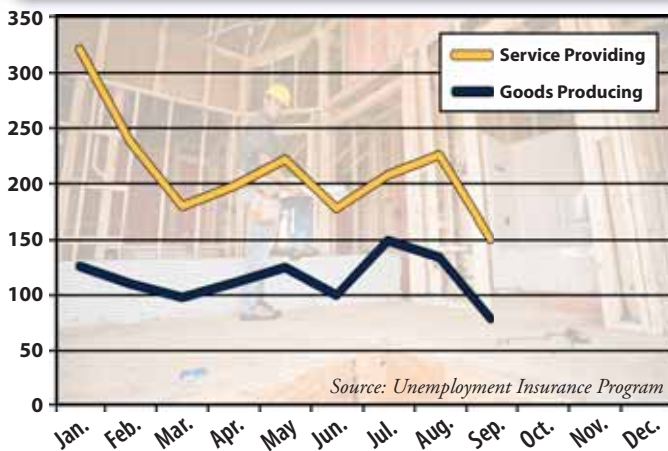
NONFARM EMPLOYMENT

January 2000 - September 2006



Montana's seasonally adjusted nonagricultural payroll employment showed another slight decrease of 200 jobs (0.05%) over the month for September 2006. Total Government accounted for the largest loss, dropping by 400 jobs (-0.5%), while Leisure and Hospitality added 600 jobs (1.0%).

NEW BUSINESS STARTS



New business starts fell to 229 in September, down 36% from the August. Even with the overall decline, new construction businesses still accounted for over one fourth of the total new starts. Gallatin County remains at the top of the counties with almost 19% of the new business starts in September, followed by Yellowstone County with just over 13%.

EMPLOYMENT BY INDUSTRY

Industry Employment (in thousands)	Sept(P) 2006	Aug 2006	Net Change	Percent Change
Total Non-Agricultural	435.9	436.1	-0.2	0.0%
Natural Resources & Mining	8.3	8.3	0.0	0.0%
Construction	29.9	30.1	-0.2	-0.7%
Manufacturing	20.1	20.0	0.1	0.5%
Trade, Transportation, Utilities	89.9	89.7	0.2	0.2%
Information*	7.8	8.0	-0.2	-2.5%
Financial Activities	22.6	22.6	0.0	0.0%
Professional & Business Services	37.1	37.3	-0.2	-0.5%
Education & Health Services*	58.0	56.7	1.3	2.3%
Leisure & Hospitality	58.2	57.6	0.6	1.0%
Other Services*	17.1	17.2	-0.1	-0.6%
Total Government	86.5	86.9	-0.4	-0.5%

*These series are not seasonally adjusted (P) denotes preliminary figures

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The Growing Need for Soft Skills

By Brad Eldredge, Ph.D.

In the American job market, the need for technical skills is clear. President Bush's American Competitiveness Initiative commits \$50 billion over the next ten years to educational and research programs that will allow the U.S. to "remain a leader in science and technology."¹ As important as technical skills remain, American employers increasingly cite another challenge in workforce recruitment: a shortage of applicants possessing "soft skills."

A survey of manufacturers found that the most common reason companies reject applicants for hourly production jobs was inadequate basic employability skills, such as attendance, timeliness, and work ethic.² It is an indicator of the importance of such skills that Chicago public schools now offer a program in soft skills, in addition to traditional curriculum.³

The consensus definition of soft skills seems to be skills that involve the ability to interact and communicate positively and productively with other people. An Internet search for "soft skills," yields results such as leadership, listening, negotiation, and conflict management. The Center for Career Opportunities at Purdue University defines soft skills as "the cluster of personality traits, social graces, facility with language, personal habits, friendliness, and optimism that mark each of us to varying degrees."⁴ Their list of soft skills includes work ethic, courtesy, teamwork, self-discipline, self-confidence, conformity to prevailing norms, and language proficiency.

Employees' soft skills, or lack thereof, can affect a firm's bottom line. Benjamin Schneider's research shows that "in operations as diverse as bank branches, insurance company regional offices, credit card call centers, and hospitals

[...] employees' ratings of service climate predicted customer satisfaction, which drove business results."⁵ In other words, customer focused soft skills can make a big contribution to profitability, even in industries considered highly technical.

The occupational information network known as O*Net (<http://online.onetcenter.org/find/>) compiles surveys of workers and occupational experts, and lists the most important types of knowledge, skills, and abilities for hundreds of occupations. Consider an occupation requiring extensive technical knowledge, such as an economist. O*Net lists "English Language" as the top ranked knowledge for economist, ahead of the second ranked "Economics and Accounting." "English Language" is defined as "knowledge of the structure and content of the English language including the meaning and spelling of words, rules of composition, and grammar." This indicates that while all those classes on economic theory and calculus are necessary, it is the applicant who can communicate that knowledge most effectively that will land the job. Likewise, the number one skill for economists is "reading comprehension" and the number one ability is "oral expression." In other words, employers want economists who can communicate effectively.

What about jobs that are more common than economist? Two common Montana occupations that pay above average wages are General and Operations Managers, with an estimated 10,610 jobs, and Registered Nurses, with an estimated 7,490 jobs. Tables 1 and 2 list the knowledge, skills, and abilities that are most important for these two occupations according to the O*Net program. In both of these occupations, soft-skills rank very high in

Table 1: Registered Nurses

Knowledge	1. Medicine & Dentistry 2. Psychology 3. Customer & Personal Service
Skills	1. Active Listening 2. Reading Comprehension 3. Critical Thinking
Abilities	1. Problem Sensitivity 2. Oral Expression 3. Inductive Reasoning

Table 2: General and Operations Managers

Knowledge	1. Administration and Management 2. Customer and Personal Service 3. English Language
Skills	1. Active Listening 2. Management of Personnel Resources 3. Time Management
Abilities	1. Oral Expression 2. Oral Comprehension 3. Problem Sensitivity

importance. It should come as no surprise that managers need soft-skills. Of particular importance are “active listening,” “oral expression,” and “oral comprehension.” Similarly, for Registered Nurses “active listening,” “reading comprehension,” and “oral expression” all rank near the top in terms of importance.

To be successful in today’s job market, workers need a combination of occupation specific technical skills and the more universally applicable soft skills. Research by Duncan and Dunifon suggests that soft skills are as good a predictor of labor market success as level of formal education.⁶ Labor economists Richard Murnane and David Levy assert that to earn a middle class wage, high school students need several hard skills and “two kinds of what we call soft skills, the ability to communicate effectively both orally and in writing, and the ability to work productively with people from different backgrounds.”⁷ The research on soft skills and the data on their current demand in highly technical occupations calls for a renewed emphasis not just on technical training, but on training in interpersonal and communication skills at all levels of the educational system and in the workforce.

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New Job Projections Publication

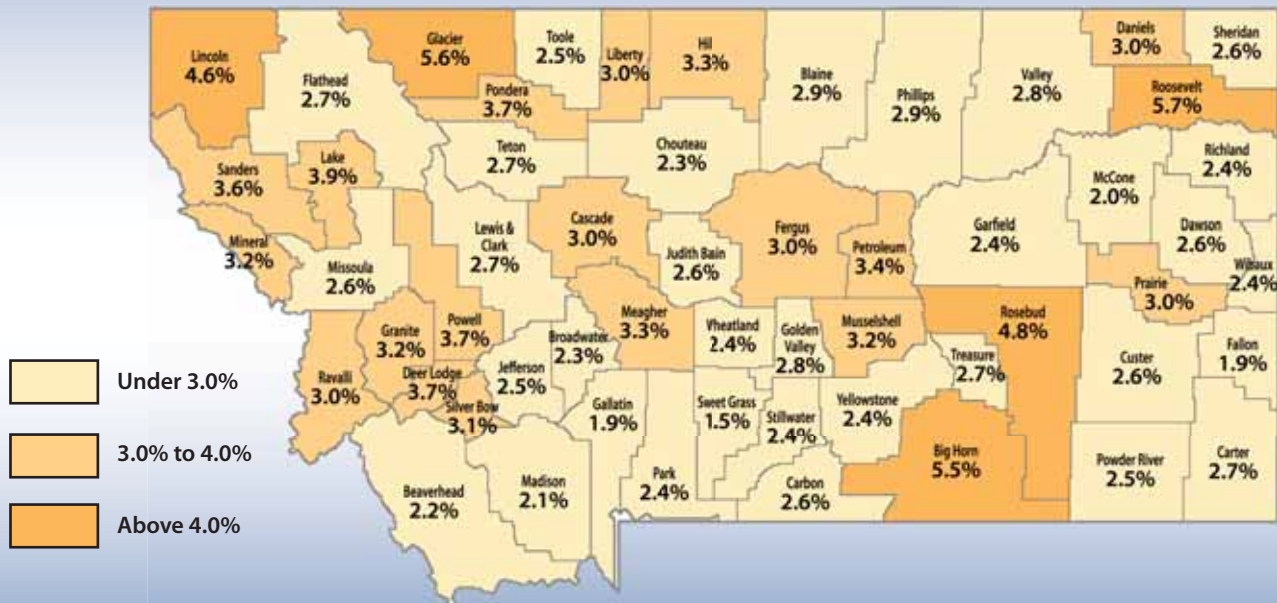


The Research & Analysis Bureau is proud to announce the release of our latest publication: Montana Job Projections 2004-2014. Job projections help to identify high demand occupations and high growth industries in Montana. The projections publication lists more than 200 occupations expected to grow by 15 or more jobs annually. The complete 2004-2014 job projections for both occupations and industries can be found on our website (www.ourfactsyourfuture.org) using the Data Search tool.

Please note: long term projections result from an analysis of general economic trends that can reasonably be expected to continue into the future. They do not take into account business cycles and therefore, should not be compared to shorter term projections produced by other analysts and organizations. The projections include self-employed workers as well as wage and salary jobs.

COUNTY UNEMPLOYMENT RATES (NOT SEASONALLY ADJUSTED)

Montana Average Rate: 2.8%



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